



**Director of
Central
Intelligence**

Secret

25X

The Philippines Under Marcos— His Prospective Legacy and US Interests

National Intelligence Estimate

Secret

*NIE 56-82
13 August 1982*

Copy

341

Page Denied

SECRET

25X

NIE 56-82

**THE PHILIPPINES UNDER MARCOS—
HIS PROSPECTIVE LEGACY
AND US INTERESTS**

Information available as of 9 August 1982 was
used in the preparation of this Estimate.

SECRET

Page Denied

SECRET

25X

CONTENTS

	<i>Page</i>
KEY JUDGMENTS	1
DISCUSSION	5
Current Developments	5
A More Lively Political Arena	5
Deepening Economic Woes	7
The Next Five Years: Stability Prospects	10
Meeting Security Challenges	10
The Economy: A Difficult Road Ahead	10
The Requirement for Durable Political Institutions	13
The Succession Problem	14
Interest Groups That Will Survive Marcos	15
The Marcos Factor	15
The Interest Groups	15
The Linkages to US Interests	16
BIOGRAPHIC ANNEX	19

SECRET

25X

KEY JUDGMENTS

On the eve of his first official visit to Washington since 1966, Ferdinand Marcos remains as firmly in control of the Philippines as ever. The regime shows signs of fatigue, but retains its basic political strengths and its traditional flair for maintaining power. ☐

25X

Marcos's complete domination of the political center is diminished by concrete gains made outside the political system by a rural insurgency conducted by the Communist New Peoples Army. Steady growth of the insurgency over the last several years has begun to alarm the government, prompting troop redeployments from the relatively quiet Muslim insurgency to areas of NPA expansion. ☐

25X

The economy perhaps is the Achilles' heel of the Marcos regime:

- Beset by what may turn out to be the first negative growth rate in modern Philippine history this year, unemployment is rising rapidly.
- To make matters worse, the slowdown has been accompanied by a sharp deterioration in the balance of payments that may undermine the country's ability to regain its former growth momentum.
- Falling rural incomes are of special concern because the rural insurgency appears connected to economic factors ☐

25X

Marcos faces no unmanageable challenges from within the political system during the next several years, provided that he remains healthy. However, over the longer term, he faces major security, political, and economic challenges that will have important implications for the Philippines' political stability:

- Although the Muslim insurgency is likely to remain manageable, Marcos must complete formulation of a coherent social and military strategy to contain the Communist insurgency. He has ordered a shift in armed forces strategic orientation to emphasize counterinsurgency operations, but differences exist within the senior military command over how and where to meet the insurgent challenge.
- Parliamentary elections are scheduled for 1984, and Marcos will have to decide whether to allow the development of a viable moderate opposition. If he does not, he will face an even more polarized political arena.

SECRET

25X1

- He will have to decide the length of his tenure in office and the political environment he will ultimately bequeath his successor. Health and family considerations could lead him to step down when his current term expires in 1987, although his political past does not point to such a move. If he does step down, he will have to devote considerable energy over the next five years to filling the political vacuum he has worked to ensure since he declared martial law in 1972.
- A young and rapidly growing population promises unprecedented labor force growth at a time rising repayment obligations on the large foreign debt will make it difficult to find investment funds for job creation.

If Marcos wavers in his commitment to solving any of these problems, the mid-1980s could be turbulent. The regime's opponents, particularly the Communist insurgency and urban radicals, are likely to have some success exploiting economic grievances if the economy does not improve. This would be especially traumatic if it occurred at a time of unprecedented political transition—the cessation of Marcos's rule. [REDACTED]

25X1

Marcos has not designated a successor. Under the Constitution, his death would trigger a succession process that creates a caretaker government broadly representative of the present regime. Marcos has inadvertently undermined the credibility of the procedure by depositing special succession instructions with the military, but we believe the military would observe the constitutional process. [REDACTED]

25X1

Imelda Marcos wants to succeed her husband, and she has a reasonable chance to do so. But she has many enemies and would have to mend fences over a period of years to duplicate his strong rule. [REDACTED]

25X1

Over the longer term, the durability of a successor government would depend on its ability to control, neutralize, or co-opt the country's key interest groups. The armed forces and the Catholic Church leadership will probably act as stabilizing influences. The Communist insurgency and urban leftists will present the key threats to stability. Although any new government would require considerable time to consolidate power, it is unlikely that the transition would adversely affect US economic and security interests. [REDACTED]

25X1

The United States unavoidably will be drawn into these matters:

- Opponents of the regime residing in the United States are certain to capitalize on the state visit in September to make

SECRET

25X

their case for a change in government. Their protests are the product of their inability to influence events back home.

- Review of the military bases agreement begins next year, may run into 1984, and will be a convenient target for Marcos's political opponents. Marcos nonetheless should be able to convert the base review process into political capital at home, especially if he succeeds in expanding Philippine sovereignty over the bases or obtains a large compensation package.
- At present, it is highly unlikely that Manila would request US personnel to aid the counterinsurgency effort. However, the nature of the Philippine-US security relationship has already undergone subtle changes with the adjustment in Philippine security orientation, and this could become far more dramatic if the NPA continues its current pace of expansion.
- Filipinos at home and abroad will expect the United States to play an important role in the transition to new leadership, though under Marcos we have not had much influence on Philippine domestic political evolution, and this is not likely to change.

25X

SECRET

25X1

Figure 1
The Philippines



Unclassified

632431 8-82

Page Denied

Next 19 Page(s) In Document Denied

Secret

Secret